

ANTELOPE VALLEY JOINT UNION HIGH
SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

DATE RECEIVED:



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Date Review(s) Completed: 2/25/09

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

OF LOS ANGELES COUNTY

LANCASTER, CALIFORNIA

JUNE 30, 2008

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Michael Vierra	Assistant Superintendent, Educational Services
Barbara Willibrand	Assistant Superintendent, Student Services

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Governing Board
Antelope Valley Joint Union High School District
Lancaster, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Antelope Valley Joint Union High School District (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2007-08*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Antelope Valley Joint Union High School District, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 4 through 14 and budgetary comparison information on page 52, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards which is required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The unaudited supplementary information listed in the table of contents, including the Combining Statements - Non-Major Governmental Funds, and General and Cafeteria Funds Selected Financial Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion.

Vavinek, Thine, Day & Co., LLP

Rancho Cucamonga, California
December 31, 2008

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

44811 N. SIERRA HIGHWAY, LANCASTER, CALIFORNIA 93534-3226
(661) 948-7655

BOARD OF TRUSTEES

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STUDENT SERVICES

This section of Antelope Valley Joint Union High School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, business-type, and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Business-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Antelope Valley Joint Union High School District.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Assets* and the *Statement of Activities*, we separate the District activities as follows:

Governmental activities - Most of the District's services are reported in this category. This includes the education of grade nine through grade twelve students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

Business-type activities - The District charges fees to help it cover the costs of certain services it provides. The District's food service program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance District programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the District charges users for services it provides, whether to customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Revenues, Expenses, and Changes in Fund Net Assets*. The District's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, including associated student body activities. The District's fiduciary activities are reported in separate *Statements of Fiduciary Net Assets*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Assets

The District's net assets were \$373.3 million for the fiscal year ended June 30, 2008. Of this amount, \$21.0 million was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets for day-to-day operations. The following analysis focuses on net assets (Table 1) and change in net assets (Table 2) for the District's governmental activities.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Table 1

(Dollar amounts in millions)	Governmental Activities		Business-Type Activities		School District Activities	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 109.0	\$ 162.8	\$ 2.3	\$ 2.9	\$ 111.3	\$ 165.7
Capital assets	376.9	329.1	1.7	0.9	378.6	330.0
Total Assets	485.9	491.9	4.0	3.8	489.9	495.7
Liabilities						
Current liabilities	14.4	20.7	-	0.6	14.4	21.3
Long-term obligations	102.2	104.2	-	-	102.2	104.2
Total Liabilities	116.6	124.9	-	0.6	116.6	125.5
Net Assets						
Invested in capital assets, net of related debt	292.5	240.0	1.7	0.9	294.2	240.9
Restricted	58.1	107.4	-	-	58.1	107.4
Unrestricted	18.7	19.6	2.3	2.3	21.0	21.9
Total Net Assets	\$ 369.3	\$ 367.0	\$ 4.0	\$ 3.2	\$ 373.3	\$ 370.2

The \$18.7 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. Total net assets decreased from the prior year as a result of progression of construction projects. Please note that current assets decreased while capital assets increased, which is a result of the outgo of cash as construction projects are completed and recorded in the capital assets category. The 2007-2008 fiscal year capital asset activity was comprised of:

- Completion of Knight High School, R. Rex Parris High School, and a portion of Eastside High School.
- Modernization of Antelope Valley High School and Quartz Hill High School Cafeteria.
- Construction of Highland High School student parking lot.
- Still under construction are the Antelope Valley High School Stadium project, Palmdale High School Cafeteria modernization, and Eastside High School Theatre and additional phases of the main campus.

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges to reflect total revenues for the year.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

Table 2

(Dollar amounts in millions)	Governmental Activities		Business-Type Activities		School District Activities	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 0.2	\$ 0.3	\$ 2.1	\$ 3.3	\$ 2.3	\$ 3.6
Operating grants and contributions	48.2	45.0	3.6	3.4	51.8	48.4
Capital grants and contributions	-	44.3	-	-	-	44.3
General revenues:						
Federal and State aid not restricted	137.4	138.6	-	-	137.4	138.6
Property taxes	23.8	23.4	-	-	23.8	23.4
Other general revenues	20.6	23.3	0.8	0.2	21.4	23.5
Total Revenues	230.2	274.9	6.5	6.9	236.7	281.8
Expenses						
Instruction-related	166.1	152.0	-	-	166.1	152.0
Student support services	18.7	15.6	-	-	18.7	15.6
Administration	10.9	9.7	-	-	10.9	9.7
Plant services	23.4	24.5	-	-	23.4	24.5
Other	8.8	10.0	-	-	8.8	10.0
Food service	-	0.6	5.7	5.9	5.7	6.5
Total Expenses	227.9	212.4	5.7	5.9	233.6	218.3
Change in Net Assets	\$ 2.3	\$ 62.5	\$ 0.8	\$ 1.0	\$ 3.1	\$ 63.5

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$227.9 million. However, the amount that taxpayers ultimately financed for these activities through local taxes was only \$23.8 million; the balance was paid by those who benefited from the programs (\$0.2 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$48.2 million). We paid for the remaining "public benefit" portion of our governmental activities with \$158.0 million in State funds and with other revenues, like interest and general entitlements. The greatest increase in revenue was seen in Operating grants and contributions (\$48.2 million, an increase of \$3.2 million) which were primarily due to the various one-time State grants that were carried over from prior years. The greatest decrease in revenues was the Capital grants and contributions (\$44.3 million decrease) as State schools facility grant funds were received in prior years for construction projects. General revenues as a whole decreased by \$44.7 million, while Total expenses increased \$15.5 million as prior year revenues were expensed in the 2007-2008 fiscal year.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

In Table 3, we have presented the cost and net cost of each of the District's ten largest functions - regular program instruction, instruction-related activities, student transportation services, other pupil services, general administration, plant services, facility acquisition and construction, ancillary services, interest on long-term obligations and other outgo. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Dollar amounts in millions)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction	\$ 140.7	\$ 128.1	\$ 106.8	\$ 53.1
Instruction-related activities	25.4	23.9	20.0	18.0
Home-to-school transportation	3.4	3.1	1.6	1.7
Other pupil services	15.3	13.1	11.6	9.8
General administration	10.9	9.7	9.7	8.9
Plant services	23.4	23.1	21.6	20.6
Facility acquisition and construction	-	1.4	-	1.4
Ancillary services	3.0	2.7	2.8	2.5
Interest on long-term obligations	4.6	4.7	4.6	4.7
Other outgo	1.2	2.6	0.8	2.0
Total	<u>\$ 227.9</u>	<u>\$ 212.4</u>	<u>\$ 179.5</u>	<u>\$ 122.7</u>

The increase in operating grants and contributions (categorical programs) is directly reflected in the increase in cost of service, particularly in the area of instruction, instruction-related activities and other pupil services. Increases in these areas reflect increased support of the instructional programs in the District.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$95.6 million, which is a decrease of \$47.5 million from last year (Table 4).

Table 4

(Dollar amounts in millions)

	Balances and Activity			
	July 1, 2007	Revenues	Expenditures	June 30, 2008
General	\$ 29.5	\$ 213.0	\$ 209.9	\$ 32.6
Building	13.3	27.8	26.2	14.9
Capital Facilities	35.6	5.8	10.4	31.0
County School Facilities	52.8	14.6	60.8	6.6
Adult Education	1.5	3.3	2.8	2.0
Deferred Maintenance	2.9	1.9	3.2	1.6
Special Reserve for				
Postemployment Benefits	0.6	-	-	0.6
Retiree Benefits	0.4	0.1	0.1	0.4
Special Reserve Capital Outlay	2.0	-	0.4	1.6
Bond Interest and Redemption	4.5	5.7	5.9	4.3
Total	\$ 143.1	\$ 272.2	\$ 319.7	\$ 95.6

The primary reasons for these increases/decreases are:

- The General Fund is our principal operating fund. The fund balance in the General Fund increased from \$29.5 million to \$32.6 million. This increase is primarily due a District-wide effort to reduce spending with the purpose of building up the ending fund balance to assist in the out years due to a decline in the State's economy and District student population.
- Our capital project funds continued to experience significant activity during the year as projects reached completion and near completion. The District saw completion of Knight High School, R. Rex Parris High School, and partial completion of Eastside High School. Also completed was construction of student parking at Highland High School and modernization projects at Antelope Valley High School and Quartz Hill High School Cafeteria. Construction is continuing on the remaining phases at Eastside High School, including the Theatre and a modernization project was started at Palmdale High School Cafeteria. Nearing completion is the Antelope Valley High School Stadium project. In total, these funds decreased \$49.2 million.
- All other funds reflect relatively steady fund balance values as compared to the prior year.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 4, 2008. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 52.) These amendments were based on:

- ADA growth projections decreased throughout the year, reflecting a State-wide trend.
- Revenue increases were realized in Other State and Other Local sources. This was primarily due to the late allocation of State entitlement and grants.
- Larger than anticipated tax increment funds were received from our local cities.
- In general, actual expenditures exceeded final budget values due to the increase to categorical program revenue. Planned expenditures in school site administration and plant services fell short of the anticipated budget due to activities not completed within the school year or intentionally delayed.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had \$378.6 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$48.6 million, or 14.7 percent, from last year.

Table 5

(Dollar amounts in millions)	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land and construction in process	\$ 38.4	\$ 126.5	\$ -	\$ 0.8	\$ 38.4	\$ 127.3
Buildings and improvements	330.8	195.7	1.7	-	332.5	195.7
Furniture and equipment	7.7	6.9	-	0.1	7.7	7.0
Total	\$ 376.9	\$ 329.1	\$ 1.7	\$ 0.9	\$ 378.6	\$ 330.0

This year's additions were funded through a combination of State Construction (matching funds), General Obligation Bonds, and Capital Facilities Revenue. No debt was issued for these additions. These additions include:

- Completion of Knight High School, R. Rex Parris High School and a portion of Eastside High School.
- Modernization of Antelope Valley High School and Quartz Hill High School Cafeteria.
- Construction of Highland High School student parking lot.

Capital projects will continue into the 2008-2009 school year on the following projects:

- Still under construction are the Antelope Valley High School Stadium project, Palmdale High School Cafeteria modernization and Eastside High School Theatre and additional phases of the main campus.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Obligations

At the end of this year, the District had \$102.2 million in long-term obligations outstanding versus \$104.2 million last year, a decrease of 1.9 percent. Long-term obligations consisted of the following:

Table 6

(Amounts in millions)	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds						
(Financed with property taxes)	\$ 99.2	\$ 100.6	\$ -	\$ -	\$ 99.2	\$ 100.6
Energy assistance loan	1.6	1.8	-	-	1.6	1.8
Accumulated vacation	1.4	1.8	-	-	1.4	1.8
Totals	<u>\$ 102.2</u>	<u>\$ 104.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102.2</u>	<u>\$ 104.2</u>

The District's general obligation bond rating continues to be "AAA". The State limits the amount of general obligation debt that districts can issue up to a capped percentage of the assessed value of all taxable property within the district's boundaries. The District's outstanding general obligation debt of \$99.2 million is below the statutorily-imposed limit.

Other obligations include operating leases, compensated absences, accumulated vacation, and other post employee benefits. We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2007-2008 ARE NOTED BELOW:

- Collective bargaining settlements were negotiated requiring adjustments to the salary schedule, health premiums and a decrease to the certificated bargaining unit cap.
- The District continued to offer specialized academic programs such as Academic Academies, International Baccalaureate, Music, Arts and Athletics for more than 24,600 students.
- Eastside High School welcomed their fourth year at a temporary facility housed at the permanent location in Lancaster.
- Antelope Valley High School continues to show academic growth in 2007-2008, removing them from State Trustee status.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2008-2009, the governing board and management used the following criteria:

- Average Daily Attendance (ADA)
 - CBEDS to P-2 ratio
 - Enrollment decline expected
- Budget Reductions
 - Conformance to Board approved budget cuts
 - Revise delivery of Senior project
 - Reduction to site and department allocations
 - Staffing reductions to support personnel
- Labor Relations
 - Total compensation package
 - Health premium cost control
- Staffing Requirements
 - Eastside High School fourth year staffing
 - SOAR (Students On the Academic Rise) third year staffing
 - Various positions tied to Administrative Reorganization (Vision component)
- Continuation of Unrestricted Academic Programs
 - Academic Academies
 - International Baccalaureate
 - SOAR
- Special Education Programs
 - Program encroachment
 - Desert Pathways
- Utility Costs
 - Additional temporary and permanent classrooms
 - Increased HVAC units
 - Conservation efforts District-wide
- Legal Costs
 - Settlements
 - Potential litigation
- New School Sites Start-Up Costs
 - Eastside High School fourth year
- Transportation Costs
 - General operational increase
 - Special Education
- School Site Requests
 - Equipment
 - Repairs and improvements

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Financial Officer at the Antelope Valley Joint Union High School District, 44811 Sierra Highway, Lancaster, California 93534-3226.

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ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 88,773,349	\$ 1,495,859	\$ 90,269,208
Receivables	17,259,113	534,161	17,793,274
Prepaid expenses	2,060,982	200,231	2,261,213
Stores inventories	113,840	108,417	222,257
Deferred charges on issuance	771,552	-	771,552
Capital assets			
Land and construction in process	38,394,405	-	38,394,405
Other capital assets	407,124,195	1,756,463	408,880,658
Less: Accumulated depreciation	(68,586,687)	(63,130)	(68,649,817)
Total Capital Assets	376,931,913	1,693,333	378,625,246
Total Assets	485,910,749	4,032,001	489,942,750
Liabilities			
Accounts payable	12,103,480	75,469	12,178,949
Accrued interest	1,757,622	-	1,757,622
Deferred revenue	502,701	-	502,701
Long-term obligations			
Current portion of long-term obligations	2,038,223	-	2,038,223
Noncurrent portion of long-term obligations	100,163,102	-	100,163,102
Total Long-Term Obligations	102,201,325	-	102,201,325
Total Liabilities	116,565,128	75,469	116,640,597
Net Assets			
Invested in capital assets, net of related debt	292,534,816	1,693,333	294,228,149
Restricted for:			
Debt service	2,543,957	-	2,543,957
Capital projects	36,069,799	-	36,069,799
Educational programs	15,931,311	-	15,931,311
Other activities	3,612,800	-	3,612,800
Unrestricted	18,652,938	2,263,199	20,916,137
Total Net Assets	\$ 369,345,621	\$ 3,956,532	\$ 373,302,153

The accompanying notes are an integral part of these financial statements.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 140,742,979	\$ 132,708	\$ 33,834,939
Instruction-related activities:			
Supervision of instruction	2,483,119	1,020	1,484,710
Instructional library, media and technology	3,654,552	2,439	346,119
School site administration	19,232,778	14,260	3,477,152
Pupil services:			
Home-to-school transportation	3,376,544	5,699	1,752,334
Food services	581,470	-	-
All other pupil services	14,747,513	14,138	3,685,090
General administration:			
Data processing	1,206,558	-	7,909
All other general administration	9,668,121	2,436	1,203,573
Plant services	23,416,802	2,861	1,807,249
Ancillary services	3,031,087	-	276,863
Community services	20,396	-	188,645
Enterprise services	77,523	-	-
Interest on long-term obligations	4,594,268	-	-
Other outgo	1,027,592	1,508	165,635
Total Governmental Activities	227,861,302	177,069	48,230,218
Business-Type Activities:			
Food services	5,702,536	2,129,873	3,580,306
Enterprise services	-	-	-
Total Business-Type Activities	5,702,536	2,129,873	3,580,306
Total School District	\$ 233,563,838	\$ 2,306,942	\$ 51,810,524

General revenues and subventions:

Property taxes, levied for general purposes
Property taxes, levied for debt service
Taxes levied for other specific purposes
Federal and State aid not restricted to
specific purposes
Interest and investment earnings
Miscellaneous

Subtotal, General Revenues

Excess of Revenues Over Expenses

Transfers between funds

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ (106,775,332)	\$ -	\$ (106,775,332)
(997,389)	-	(997,389)
(3,305,994)	-	(3,305,994)
(15,741,366)	-	(15,741,366)
(1,618,511)	-	(1,618,511)
(581,470)	-	(581,470)
(11,048,285)	-	(11,048,285)
(1,198,649)	-	(1,198,649)
(8,462,112)	-	(8,462,112)
(21,606,692)	-	(21,606,692)
(2,754,224)	-	(2,754,224)
168,249	-	168,249
(77,523)	-	(77,523)
(4,594,268)	-	(4,594,268)
(860,449)	-	(860,449)
(179,454,015)	-	(179,454,015)
-	7,643	7,643
-	-	-
-	7,643	7,643
(179,454,015)	7,643	(179,446,372)
18,078,888	-	18,078,888
5,565,309	-	5,565,309
114,749	-	114,749
137,356,880	-	137,356,880
5,388,792	143,141	5,531,933
15,899,775	-	15,899,775
182,404,393	143,141	182,547,534
2,950,378	150,784	3,101,162
(621,066)	621,066	-
2,329,312	771,850	3,101,162
367,016,309	3,184,682	370,200,991
\$ 369,345,621	\$ 3,956,532	\$ 373,302,153

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ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2008

Total Fund Balance - Governmental Funds \$ 95,601,103

**Amounts Reported for Governmental Activities in the Statement
of Net Assets are Different Because:**

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is as follows

\$445,518,600

Accumulated depreciation is as follows

(68,586,687)

Net Capital Assets

376,931,913

Expenditures relating to issuance of debt were recognized in modified
accrual basis, but should not be recognized in accrual basis.

771,552

In governmental funds, unmatured interest on long-term obligations is
recognized in the period when it is due. On the government-wide
financial statements, unmatured interest on long-term obligations is
recognized when it is incurred.

(1,757,622)

Long-term obligations at year-end consist of the following:

2002 General Obligation Bonds

97,980,575

Unamortized premium on issuance of debt

1,216,784

Energy assistance loan

1,581,632

Accumulated vacation

1,422,334

Total Long-Term Obligations

(102,201,325)

Total Net Assets - Governmental Activities

\$ 369,345,621

The accompanying notes are an integral part of these financial statements.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds		\$ (47,436,122)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures, however, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
This is the amount by which capital outlays exceed depreciation in the period.		
Capital outlays	\$ 63,219,120	
Depreciation expense	<u>(14,813,378)</u>	
Net Expense Adjustment		48,405,742
In the statement of activities, a capital contribution for capital assets was made from governmental activities to business-type activities. However, in the governmental funds, the contribution would not be reported as there has been no flow of current financial resources.		(621,066)
In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The District does not have any special termination benefits. Vacation used was more than the amounts earned by \$360,645.		360,645
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net assets and does not affect the statement of activities:		
General obligation bonds		1,665,000
Energy assistance loan		228,793
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:		
Amortization of premium on general obligation bonds	63,327	
Amortization of cost of issuance on general obligation bonds	<u>(38,895)</u>	
Combined Adjustment		24,432

The accompanying notes are an integral part of these financial statements.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES (Continued) FOR THE YEAR ENDED JUNE 30, 2008

Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the result of two factors. First, accrued interest on the 2002 General Obligation Bonds decreased by \$26,625. Second, \$324,737 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

Change in Net Assets of Governmental Activities

\$	(298,112)
\$	<u>2,329,312</u>

The accompanying notes are an integral part of these financial statements.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET ASSETS FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Fund Food Service
ASSETS	
Current Assets	
Deposits and investments	\$ 1,495,859
Receivables	534,161
Prepaid expenses	200,231
Stores inventories	108,417
Total Current Assets	2,338,668
Noncurrent Assets	
Capital assets	1,756,463
Less: accumulated depreciation	(63,130)
Total Noncurrent Assets	1,693,333
Total Assets	4,032,001
LIABILITIES	
Current Liabilities	
Accounts payable	75,469
Total Current Liabilities	75,469
NET ASSETS	
Invested in capital assets, net of related debt	1,693,333
Unrestricted	2,263,199
Total Net Assets	\$ 3,956,532

The accompanying notes are an integral part of these financial statements.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Enterprise Fund Food Service
OPERATING REVENUES	
Charges for services	\$ 2,129,873
Total Operating Revenues	2,129,873
OPERATING EXPENSES	
Payroll costs	3,015,119
Professional and contract services	10,021
Supplies and materials	2,375,427
Facility rental	11,816
Other operating cost	249,912
Depreciation	40,241
Total Operating Expenses	5,702,536
Operating Loss	(3,572,663)
NONOPERATING REVENUES	
Interest income	143,141
Grants	3,580,306
Total Nonoperating Revenues	3,723,447
Income Before Capital Contributions	150,784
Capital Contributions	621,066
Change in Net Assets	771,850
Total Net Assets - Beginning	3,184,682
Total Net Assets - Ending	\$ 3,956,532

The accompanying notes are an integral part of these financial statements.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Changes in Accounting Principles

In May 2007, GASB issued Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later. Early implementation is encouraged.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

New Accounting Pronouncements

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as phase 1 or phase 2 governments for the purpose of implementing Statement No. 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2008, with earlier application encouraged.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how State and local governments report information about derivative instruments—financial arrangements used by governments to manage specific risks or make investments—in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 88,773,349
Business-type activities	1,495,859
Fiduciary funds	1,681,915
Total Deposits and Investments	<u>\$ 91,951,123</u>

Deposits and investments as of June 30, 2008, consist of the following:

Cash on hand and in banks	\$ 1,681,915
Cash in revolving	25,000
Investments	90,244,208
Total Deposits and Investments	<u>\$ 91,951,123</u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County pool. The District maintains an investment of \$90,244,208 with the Los Angeles County Investment Pool with a fair value of approximately \$90,144,107. This investment has an average weighted maturity of 556 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2008.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2008, the District's bank balance of \$3,222,216 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

NOTE 3 – RECEIVABLES

Receivables at June 30, 2008, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government						
Categorical aid	\$ 2,717,165	\$ -	\$ -	\$ -	\$ 54,960	\$ 2,772,125
State Government						
Apportionment	7,871,239	-	-	-	170,743	8,041,982
Categorical aid	3,719,329	-	-	-	57,796	3,777,125
Lottery	1,572,046	-	-	-	-	1,572,046
Local Government						
Interest	164,596	172,416	343,391	61,651	27,607	769,661
Other Local Sources	225,400	-	10,022	67,937	22,815	326,174
Total	<u>\$16,269,775</u>	<u>\$172,416</u>	<u>\$353,413</u>	<u>\$129,588</u>	<u>\$333,921</u>	<u>\$17,259,113</u>

	Enterprise Fund	Fiduciary Fund
Federal Government		
Categorical aid	\$ 385,704	\$ -
State Government		
Categorical aid	35,609	-
Local Government		
Interest	31,265	-
Other Local Sources	81,583	6,900
Total	<u>\$534,161</u>	<u>\$6,900</u>

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 17,552,935	\$ 438,815	\$ -	\$ 17,991,750
Construction in process	108,923,839	62,593,266	151,114,450	20,402,655
Total Capital Assets				
Not Being Depreciated	126,476,774	63,032,081	151,114,450	38,394,405
Capital Assets Being Depreciated				
Land improvements	4,816,930	918,419	-	5,735,349
Buildings and improvements	241,835,238	148,457,432	-	390,292,670
Furniture and equipment	9,791,604	1,304,572	-	11,096,176
Total Capital Assets				
Being Depreciated	256,443,772	150,680,423	-	407,124,195
Less Accumulated Depreciation				
Land improvements	766,344	240,846	-	1,007,190
Buildings and improvements	50,090,680	14,116,382	-	64,207,062
Furniture and equipment	2,916,285	456,150	-	3,372,435
Total Accumulated Depreciation	53,773,309	14,813,378	-	68,586,687
Governmental Activities Capital Assets, Net	<u>\$ 329,147,237</u>	<u>\$ 198,899,126</u>	<u>\$ 151,114,450</u>	<u>\$ 376,931,913</u>
Business-Type Activities				
Capital Assets Not Being Depreciated				
Construction in process	\$ 844,861	\$ 837,913	\$ 1,682,774	\$ -
Capital Assets Being Depreciated				
Buildings and improvements	-	1,682,774	-	1,682,774
Furniture and equipment	64,921	8,768	-	73,689
Total Capital Assets				
Being Depreciated	64,921	1,691,542	-	1,756,463
Less Accumulated Depreciation				
Buildings and improvements	-	33,656	-	33,656
Furniture and equipment	22,889	6,585	-	29,474
Total Accumulated Depreciation	22,889	40,241	-	63,130
Business-Type Activities Capital Assets, Net	<u>\$ 886,893</u>	<u>\$ 2,489,214</u>	<u>\$ 1,682,774</u>	<u>\$ 1,693,333</u>

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Depreciation expense was charged to governmental functions as follows:

Governmental Activities

Instruction	\$ 12,591,372
School site administration	370,334
All other pupil services	370,334
All other general administration	740,669
Plant services	740,669
Total Depreciation Expenses Governmental Activities	<u>\$ 14,813,378</u>

Business-Type Activities

Food services	\$ 40,241
Total Depreciation Expenses All Activities	<u>\$ 14,853,619</u>

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2008, consisted of the following:

Transfer To	Transfer From				Total
	General Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ -	\$ -	\$ 427,136	\$ 427,136
Building Fund	-	-	26,915,160	-	26,915,160
County School Facilities Fund	-	13,173,828	-	-	13,173,828
Non-Major Governmental Funds	1,049,784	-	-	-	1,049,784
	<u>\$ 1,049,784</u>	<u>\$ 13,173,828</u>	<u>\$ 26,915,160</u>	<u>\$ 427,136</u>	<u>\$ 41,565,908</u>

The General Fund transferred to the following Non-Major Governmental Funds:

The Deferred Maintenance Fund for the State match.	\$ 972,261
The Retiree Benefits Fund for the MediGap payment.	77,523
The Special Reserve Capital Outlay Non-Major Governmental Fund transferred to the General Fund for one-time staff bonuses.	427,136
The County School Facilities Fund transferred to the Building Fund for the reimbursement of facilities projects costs.	26,915,160
The Building Fund transferred to the County School Facilities Fund for the reimbursement of facilities projects costs.	13,173,828
	<u>\$ 41,565,908</u>

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2008, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds
Salaries and benefits	\$ 4,517,890	\$ -	\$ 18,432	\$ -	\$ 90,606
Materials and supplies	549,842	-	-	-	7,569
Services and other operating	1,393,074	-	-	-	81,884
Construction	573,468	1,519,227	2,345,837	652,603	126,385
Other vendor payables	64,589	162,074	-	-	-
Total	<u>\$ 7,098,863</u>	<u>\$ 1,681,301</u>	<u>\$ 2,364,269</u>	<u>\$ 652,603</u>	<u>\$ 306,444</u>

	Total Governmental Funds	Enterprise Fund	Fiduciary Fund
Salaries and benefits	\$ 4,626,928	\$ 69,339	\$ -
Materials and supplies	557,411	4,138	-
Services and other operating	1,474,958	1,971	-
Construction	5,217,520	-	-
Other vendor payables	226,663	21	198,745
	<u>\$12,103,480</u>	<u>\$ 75,469</u>	<u>\$ 198,745</u>

NOTE 7 – DEFERRED REVENUE

Deferred revenue at June 30, 2008, consists of the following:

	General Fund
Federal financial assistance	\$ 258,809
State categorical aid	243,892
Total	<u>\$ 502,701</u>

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

NOTE 8 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2007	Accreted	Deductions	Balance June 30, 2008	Due in One Year
2002 General Obligation Bonds	\$ 99,320,838	\$ 324,737	\$ 1,665,000	\$ 97,980,575	\$ 1,800,000
Premium on issuance	1,280,111	-	63,327	1,216,784	-
Energy Assistance Loan	1,810,425	-	228,793	1,581,632	238,223
Accumulated vacation	1,782,979	-	360,645	1,422,334	-
	<u>\$ 104,194,353</u>	<u>\$ 324,737</u>	<u>\$ 2,317,765</u>	<u>\$ 102,201,325</u>	<u>\$ 2,038,223</u>

Payments on the 2002 General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. The General Fund makes payments for the Energy Assistance Loan. The accumulated vacation will be paid by the fund for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2007	Accreted	Redeemed	Bonds Outstanding June 30, 2008
6/1/2002	2/1/2027	1.70-5.16%	\$ 50,000,000	\$ 46,250,000	\$ -	\$ 540,000	\$ 45,710,000
8/1/2004	8/1/2029	2.5-5.75%	35,001,694	34,376,956	253,753	1,125,000	33,505,709
9/29/2005	8/1/2026	3.0-4.79%	18,598,179	18,693,882	70,984	-	18,764,866
				<u>\$ 99,320,838</u>	<u>\$ 324,737</u>	<u>\$ 1,665,000</u>	<u>\$ 97,980,575</u>

2002 General Obligation Bonds, Series A

In June 2002, the District issued 2002 General Obligation Bonds, Series A in the amount of \$50,000,000. The bonds mature February 2027, with interest yields ranging from 1.70 to 5.16 percent. Proceeds from the sale of the bonds were used to provide funds to repair and construct school facilities. At June 30, 2008, the Series A Bonds principal balance outstanding was \$45,710,000.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

2002 General Obligation Bonds, Series B

In August 2004, the District issued \$35,001,694 of the 2002 General Obligation Bonds, Series B. The Series B Bonds were issued at both current interest and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$14,450,000, and an aggregate principal debt service balance of \$45,645,000. The bonds mature on August 1, 2029, with interest yields of 2.5 to 5.75 percent. Proceeds from the sale of the bonds will be used to provide funds to begin construction of a new high school and to modernize existing school facilities within the District. The District received net proceeds of \$35,015,582 (including a premium of \$568,739 and after payment of \$556,851 for issuance costs). At June 30, 2008, the Series B Bonds principal balance outstanding was \$33,505,709 and unamortized premium and issuance costs were \$479,636 and \$469,611, respectively.

2002 General Obligation Bonds, Series C

In September 2005, the District issued \$18,598,179 of the 2002 General Obligation Bonds, Series C. The Series C Bonds were issued at both current interest and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$3,995,000, and an aggregate principal debt service balance of \$21,895,000. The bonds mature on August 1, 2026, with interest yields of 3.0 to 4.79 percent. Proceeds from the sale of the bonds will be used to provide funds to begin construction of a new high school and to modernize existing school facilities within the District. The District received net proceeds of \$19,101,262 (including a premium of \$852,117 and after payment of \$349,034 for issuance costs). At June 30, 2008, the Series C Bonds principal balance outstanding was \$18,764,866 and unamortized premium and issuance costs were \$737,148 and \$301,941, respectively.

Debt Service Requirements to Maturity

The bonds mature through 2030 as follows:

Fiscal Year	Principal	Accreted Interest	Interest to Maturity	Total
2009	\$ 1,800,000	\$ -	\$ 4,182,331	\$ 5,982,331
2010	2,050,000	-	4,105,444	6,155,444
2011	2,320,000	-	4,015,919	6,335,919
2012	2,605,000	-	3,918,069	6,523,069
2013	2,895,000	-	3,808,031	6,703,031
2014-2018	19,575,000	-	16,753,294	36,328,294
2019-2023	30,510,000	-	11,091,209	41,601,209
2024-2028	33,245,390	6,289,610	2,906,806	42,441,806
2029-2030	2,980,185	6,654,815	-	9,635,000
Total	<u>\$ 97,980,575</u>	<u>\$ 12,944,425</u>	<u>\$ 50,781,103</u>	<u>\$ 161,706,103</u>

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

California Energy Commission Energy Assistance Loan

Effective February 20, 2003, the District entered into a Small Schools Energy Assistance Loan Agreement (Agreement) with the California Energy Commission (Commission). The Agreement was designed to provide financial assistance to help school districts implement energy projects, which can reduce energy costs. The Commission approved a loan amount of \$2,000,000 to the Antelope Valley Joint Union High School District for this purpose. The Agreement allowed the District to draw on the \$2,000,000 for reimbursement of expenditures for the District's energy project. As of June 30, 2008, the District had an outstanding loan balance of \$1,581,632.

Future loan payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 238,223	\$ 60,915	\$ 299,138
2010	247,847	51,291	299,138
2011	257,857	41,277	299,134
2012	268,201	30,937	299,138
2013	279,114	20,025	299,139
2014	290,390	8,748	299,138
Total	<u>\$ 1,581,632</u>	<u>\$ 213,193</u>	<u>\$ 1,794,825</u>

Accumulated Unpaid Employee Vacation

The long-term accumulated unpaid employee vacation for the District at June 30, 2008, amounted to \$1,422,334.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 9 – FUND BALANCES

Fund balances with reservations/designations are composed of the following elements:

	General Fund
Reserved	
Revolving cash	\$ 25,000
Stores inventories	113,840
Prepaid expenditures	2,060,982
Restricted programs	15,931,311
Total Reserved	18,131,133
Unreserved	
Designated	
Economic uncertainties	6,156,363
Total Designated	6,156,363
Undesignated	8,309,737
Total Unreserved	14,466,100
Total	\$ 32,597,233

NOTE 10 – POSTEMPLOYMENT BENEFITS

The District provides postemployment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least ten years of service. Currently, 128 employees meet those eligibility requirements. The District contributes 100 percent of the amount of premiums incurred by retirees and their dependents. Expenditures for postemployment benefits are recognized on a pay-as-you-go basis, as retirees' premiums are paid. During the year, expenditures of \$1,144,547 were recognized for retirees' health care benefits.

NOTE 11 – RISK MANAGEMENT

The District's risk management activities are recorded in the General Fund. The employee workers' compensation program is administered by the General Fund through the purchase of commercial insurance. The District participates in various public entity risk pools (JPAs) for the workers' compensation administration, property/liability insurance, and health and welfare programs. Refer to Note 14 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2008, 2007, and 2006, were \$7,494,014, \$7,068,785, and \$6,289,019, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-2008 was 9.306 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$3,247,179, \$2,888,435, and \$2,582,680, respectively.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,103,065 (4.517 percent of salaries subject to CalSTRS). No contributions were made for CalPERS for the year ended June 30, 2008. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budget amounts reported in the General Fund Budgetary Comparison Schedule.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2008.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

Early Retirement – MediGap Program

Effective July 1, 2000, the District implemented a MediGap Program (over 65 years of age supplement) for certificated employees who retired during or subsequent to the 1999-2000 school year under CalSTRS, after ten years of service to the District, who are eligible for Medicare A and B, and were employed by the District upon implementation of the program. Funding was based on a one-time contribution of one percent of the 2000-2001 certificated salary schedule. During 2007-2008, 41 retirees were eligible to receive benefits. Payments totaling \$77,523 were made in 2007-2008 for these retirees.

Construction Commitments

As of June 30, 2008, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Eastside High School		
Contract 3-2	\$ 627,644	10/15/08
Contract 3-4	11,752,122	12/31/08
Contract 3-5	417,139	10/19/08
Contract 3-7.3	5,136,000	05/07/09
Contract 3-8	15,094,000	10/04/10
Softball Field Repairs	34,481	11/15/08
Antelope Valley High School Stadium		
Stadium Bleachers	131,191	04/30/08
Modular Buildings	252,885	05/06/08
Track and Bleachers	363,160	08/24/08
Site Finishes	783,448	08/24/08
SOAR High School		
Modular Buildings	156,564	05/19/08
Portable Relocation	185,151	01/15/09
Palmdale High School		
Cafeteria Remodel	644,995	10/02/08
	<u>\$ 35,578,780</u>	

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 14 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWER AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of Self-Insurance Risk Management Authority (SIRMA I), Self-Insured Schools of California (SISC II and III) and Alliance of Schools for Cooperative Insurance Programs (ASCIP) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property/liability coverage. Payments for transportation and cafeteria services are paid to the Antelope Valley Schools Transportation Agency (AVSTA), and Partners in Nutrition Cooperative (PINCO) Joint Powers Authorities (JPAs). The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2008, the District made payments of \$100,331, \$1,095,228, \$24,654,529, and \$36,905 to SIRMA I, SISC II, SISC III, and ASCIP, respectively, for its workers' compensation, medical vision insurance, property liability, health insurance, and dental insurance premiums. In addition, the District made payments of \$4,219,237 and \$604,110 to AVSTA and PINCO, respectively, for its transportation and cafeteria services.

REQUIRED SUPPLEMENTARY INFORMATION

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ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts (GAAP Basis)		[1] Actual (GAAP Basis)	Variances - Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Revenue limit sources	\$154,123,956	\$151,830,886	\$152,383,724	\$ 552,838
Federal sources	11,581,503	12,731,733	12,644,951	(86,782)
Other State sources	27,637,271	31,938,555	38,169,389	6,230,834
Other local sources	2,364,738	4,638,263	9,386,264	4,748,001
Total Revenues ¹	195,707,468	201,139,437	212,584,328	11,444,891
EXPENDITURES				
Current				
Instruction	116,586,914	121,789,404	126,674,218	(4,884,814)
Instruction-related activities:				
Supervision of instruction	2,678,125	2,507,131	2,487,086	20,045
Instructional library, media, and technology	4,003,682	3,703,203	3,569,120	134,083
School site administration	17,905,123	19,137,699	18,462,089	675,610
Pupil services:				
Home-to-school transportation	3,815,040	3,092,837	3,376,544	(283,707)
Food services	573,189	582,598	581,470	1,128
All other pupil services	13,311,518	14,037,990	14,037,478	512
General administration:				
Data processing	956,151	961,780	1,211,160	(249,380)
All other general administration	9,069,087	9,263,014	8,528,274	734,740
Plant services	24,372,011	23,037,713	21,892,908	1,144,805
Facility acquisition and construction	794,313	3,055,236	3,667,880	(612,644)
Ancillary services	2,662,781	2,817,518	3,037,198	(219,680)
Community services	24,073	24,073	20,461	3,612
Other outgo	922,127	952,127	1,027,592	(75,465)
Debt service				
Interest	-	299,138	228,793	70,345
Capital outlay	-	-	70,345	(70,345)
Total Expenditures ¹	197,674,134	205,261,461	208,872,616	(3,611,155)
Excess (Deficiency) of Revenues Over Expenditures	(1,966,666)	(4,122,024)	3,711,712	7,833,736
Other Financing Sources (Uses)				
Transfers in	-	-	427,136	(427,136)
Transfers out	(1,036,261)	(1,036,261)	(1,049,784)	13,523
Net Financing Sources (Uses)	(1,036,261)	(1,036,261)	(622,648)	413,613
NET CHANGE IN FUND BALANCES	(3,002,927)	(5,158,285)	3,089,064	8,247,349
Fund Balance - Beginning	29,508,169	29,508,169	29,508,169	-
Fund Balance - Ending	\$ 26,505,242	\$ 24,349,884	\$ 32,597,233	\$ 8,247,349

¹ On behalf payments of \$4,103,065 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

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SUPPLEMENTARY INFORMATION

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ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Adult Education and Family Literacy Act			
Adult Education - Basic Grants to States Cluster			
Adult Basic Education and ESL	84.002A	14508	\$ 134,084
Adult Secondary Education	84.002	13978	40,379
English Literacy and Civics Education	84.002A	14109	32,250
Total Adult Education - Basic Grants to States Cluster			<u>206,713</u>
No Child Left Behind Act (NCLB)			
Title I Grants to Local Educational Agencies Cluster			
Title I, Part A - Low Income and Neglected	84.010	14329	3,765,833
Title I, Part A - Program Improvement Corrective Actions Plan	84.010A	14579	212,595
Total Title I Grants to Local Educational Agencies Cluster			<u>3,978,428</u>
Improving Teacher Quality State Grants Cluster			
Title II, Part A - Improving Teacher Quality	84.367	14341	841,538
Title II, Part A - Principal Training	84.367	14344	9,200
Total Improving Teacher Quality State Grants Cluster			<u>850,738</u>
English Language Acquisition Grants Cluster			
Title III - Immigrant Education	84.365	14346	35,196
Title III - Limited English Proficient Student Program	84.365	10084	165,543
Total English Language Acquisition Grants Cluster			<u>200,739</u>
Title I, Part C - Migrant Education	84.011	14326	79,046
Title I, Part G - Advanced Placement Test Fee Program	84.330	14831	6,508
Title II, Part D - Enhancing Education Through Technology	84.318	14334	30,816
Title IV - Drug-Free Schools	84.186	14347	80,375
Title V - Innovative Strategies	84.298A	14354	21,631
Carl D. Perkins Vocational and Technical Education Act of 1998			
Career and Technical Education - Basic Grants to States Cluster			
Secondary Education	84.048	13924	542,385
Passed through Kern County Superintendent of Schools:			
Post Secondary	84.048	13923	46,041
Total Career and Technical Education - Basic Grants to States Cluster			<u>588,426</u>
Passed through California Community Colleges Chancellor's Office:			
Carl D. Perkins Vocational and Technical Education Act of 1998			
Technology Preparation Grant	84.243	13929	78,833
Passed through Antelope Valley SELPA:			
Individuals with Disabilities Education Act (IDEA)			
Local Assistance Entitlement	84.027	13379	4,873,463
Passed through California Department of Rehabilitation:			
Workability II - Transition Partnership	84.158	10006	330,821
Total U.S. Department of Education			<u>11,326,537</u>

[1] Direct award, no PCA number

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through CDE:			
Medi-Cal Assistance Program Cluster			
Medi-Cal Billing Option	93.778	10013	\$ 1,002,362
Medi-Cal Administrative Activities	93.778	10060	388,801
Total Medi-Cal Assistance Program Cluster			<u>1,391,163</u>
Total U.S. Department of Health and Human Services			<u>1,391,163</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster			
Especially Needy Breakfast Program	10.553	13390	702,028
Basic School Breakfast Program	10.553	13390	7,061
National School Lunch Program	10.555	13396	2,293,537
Commodities	10.555	[1]	251,970
Total Child Nutrition Cluster			<u>3,254,596</u>
Forest Reserve Fund	10.665	10044	39,600
Total U.S. Department of Agriculture			<u>3,294,196</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Aerospace Education Services Program - NASA Engineering	43.001	[1]	9,709
Total National Aeronautics and Space Administration			<u>9,709</u>
U.S. DEPARTMENT OF DEFENSE			
Junior Officer Training Corps	12.000	CA010872	309,011
Total U.S. Department of Defense			<u>309,011</u>
Total Expenditures of Federal Awards			<u>\$ 16,330,616</u>

[1] Direct award, no PCA number

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

SUMMARY OF THE OFFICE OF CRIMINAL JUSTICE PLANNING GRANTS FOR THE YEAR ENDED JUNE 30, 2008

	Gang Violence Suppression Program
	Grant No.
	BV0500337
	7/1/2007 -
	6/30/2008
REVENUES	
Grant income	\$ 100,677
EXPENDITURES	
Personnel services	\$ 60,478
Operating expenses	24,497
Total Expenditures	\$ 84,975

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2008

ORGANIZATION

The Antelope Valley Joint Union High School District was established in 1912 and consists of an area comprising approximately 1,700 square miles. The District operates eight high schools, two continuation high schools, one adult school with two locations, one community day school with two locations and a regional occupational program. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
James T. Lott	President	2009
Ira J. Simonds	Vice President	2009
Albert S. Beattie, Sr.	Clerk	2009
Donita J. Winn	Member	2011
Lee D'Errico	Member	2011

ADMINISTRATION

David J. Vierra, Ph.D.	Superintendent of Schools and Secretary to Board of Education
Tim Azevedo	Assistant Superintendent, Personnel Services
Jeffery E. Foster	Deputy Superintendent
Michael Vierra	Assistant Superintendent, Educational Services
Barbara Willibrand	Assistant Superintendent, Student Services

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2008

	Annual Report	Second Period ADA		Increase (Decrease)
		2007-2008	2006-2007	
SECONDARY				
Regular classes	18,688	19,039	19,197	(158)
Continuation education	1,309	1,347	1,258	89
Home and hospital	49	45	20	25
Special education	1,745	1,780	1,682	98
Community day school	117	111	136	(25)
Total Secondary	21,908	22,322	22,293	29
REGIONAL OCCUPATIONAL PROGRAM	1,011	1,043	946	97
CLASSES FOR ADULTS				
Not concurrently enrolled	1,020	896	1,026	(130)
Grand Total	23,939	24,261	24,265	(4)
	Hours of Attendance			
SUMMER SCHOOL				
Core	255,786			
Proficiency	124,444			
Total Hours	380,230			

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME FOR THE YEAR ENDED JUNE 30, 2008

Grade Level	1982-83	1986-87	2007-08	Number of Days		Status
	Actual Minutes	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 9 - 12	52,660	64,800				
Grade 9			64,905	180	N/A	Complied
Grade 10			64,905	180	N/A	Complied
Grade 11			64,905	180	N/A	Complied
Grade 12			64,905	180	N/A	Complied

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Adult Education Fund	Cafeteria Fund	County School Facilities Fund
FUND BALANCE			
Balance, June 30, 2008, Unaudited Actuals	\$ 1,834,497	\$2,565,468	\$ 6,986,501
Increase (Decrease) in:			
Accounts Receivable	170,743	(302,269)	-
(Increase) Decrease in:			
Accounts Payable	-	-	(411,996)
Balance, June 30, 2008, Audited Financial Statement	<u>\$ 2,005,240</u>	<u>\$2,263,199</u>	<u>\$ 6,574,505</u>

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

	(Budget) 2009 ¹	2008	2007	2006
GENERAL FUND				
Revenues	\$197,252,557	\$212,584,328	\$207,234,501	\$178,006,161
Other sources and transfers in	-	427,136	3,119,896	1,854,125
Total Revenues and Other Sources	197,252,557	213,011,464	210,354,397	179,860,286
Expenditures	217,397,425	208,872,616	200,857,514	178,144,139
Other uses and transfers out	64,000	1,049,784	974,454	873,621
Total Expenditures and Other Uses	217,461,425	209,922,400	201,831,968	179,017,760
INCREASE (DECREASE) IN FUND BALANCE	\$ (20,208,868)	\$ 3,089,064	\$ 8,522,429	\$ 842,526
ENDING FUND BALANCE	\$ 12,388,365	\$ 32,597,233	\$ 29,508,169	\$ 20,985,740
AVAILABLE RESERVES ²	\$ 12,218,364	\$ 14,466,100	\$ 17,422,010	\$ 14,649,110
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ³	5.6%	7.0%	8.8%	8.3%
LONG-TERM OBLIGATIONS	N/A	\$102,201,325	\$104,194,353	\$105,455,065
K-12 AVERAGE DAILY ATTENDANCE AT P-2 ⁴	21,819	22,322	22,293	21,773

The General Fund balance has increased by \$11,611,493 over the past two years. The fiscal year 2008-2009 budget projects a decrease of \$20,208,868 (62 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2008-2009 fiscal year. Total long-term obligations have decreased by \$3,253,740 over the past two years.

Average daily attendance has increased by 549 over the past two years. However, a decline of 503 ADA is anticipated during fiscal year 2008-2009.

¹ Budget 2009 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

³ On-behalf payments of \$4,103,065, \$3,870,583, and \$3,444,921, have been excluded from the calculation of available reserves for fiscal years ending June 30, 2008, June 30, 2007, and June 30, 2006, respectively.

⁴ Excludes Adult Education and ROP ADA.

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

EXCESS SICK LEAVE

JUNE 30, 2008

Section 19833.5 (a)(3)(c) Disclosure

Antelope Valley Joint Union High School District provides more than 12 sick leave days in a school year to the following groups of employees who are CalSTRS members:

1. Superintendent
2. Assistant Superintendent
3. Certain certificated employees with extended contracts (contracts in excess of 182 days per year)

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

**SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Name of Charter School</u>	<u>Included in Audit Report</u>
Desert Sands Charter	No
Los Angeles County Online Charter	No

See accompanying note to supplementary information.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2008

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of the Office of Criminal Justice Planning Grants

The Office of Criminal Justice Planning Grants requires that expenditures by category information be presented in the fiscal year reports. This schedule was prepared to comply with this requirement.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2008

Excess Sick Leave

This schedule provides information required by the Audit Guide for California K-12 Local Educational Agencies for excess sick leave authorized or accrued for members of CalSTRS.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

SUPPLEMENTARY INFORMATION - UNAUDITED

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET - UNAUDITED JUNE 30, 2008

	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Postemployment Benefits
ASSETS			
Deposits and investments	\$ 1,811,657	\$ 1,798,989	\$ 574,005
Receivables	291,758	16,840	5,569
Total Assets	\$ 2,103,415	\$ 1,815,829	\$ 579,574
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 98,175	\$ 208,269	\$ -
Total Liabilities	98,175	208,269	-
Fund Balances:			
Unreserved:			
Undesignated, reported in:			
Special revenue funds	2,005,240	1,607,560	579,574
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total Fund Balance	2,005,240	1,607,560	579,574
Total Liabilities and Fund Balances	\$ 2,103,415	\$ 1,815,829	\$ 579,574

See accompanying note to supplementary information - unaudited.

Retiree Benefits Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Non Major Governmental Funds
\$ 415,568	\$ 1,622,902	\$ 4,301,579	\$ 10,524,700
4,029	15,725	-	333,921
<u>\$ 419,597</u>	<u>\$ 1,638,627</u>	<u>\$ 4,301,579</u>	<u>\$ 10,858,621</u>
\$ -	\$ -	\$ -	\$ 306,444
-	-	-	306,444
-	-	-	4,192,374
-	-	4,301,579	4,301,579
419,597	1,638,627	-	2,058,224
<u>419,597</u>	<u>1,638,627</u>	<u>4,301,579</u>	<u>10,552,177</u>
<u>\$ 419,597</u>	<u>\$ 1,638,627</u>	<u>\$ 4,301,579</u>	<u>\$ 10,858,621</u>

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2008

	Adult Education Fund	Deferred Maintenance Fund	Special Reserve Fund for Postemployment Benefits
REVENUES			
Revenue limit sources	\$ 2,853,037	\$ -	\$ -
Federal sources	206,713	-	-
Other State sources	-	921,378	-
Other local sources	223,213	88,119	26,439
Total Revenues	3,282,963	1,009,497	26,439
EXPENDITURES			
Current			
Instruction	1,582,962	-	-
Instruction-related activities:			
Instructional library, media and technology	111,195	-	-
School site administration	453,855	-	-
Pupil services:			
All other pupil services	374,771	-	-
General administration:			
All other general administration	112,745	-	-
Plant services	130,280	1,712,723	-
Facility acquisition and construction	13,295	1,502,737	-
Enterprise services	-	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	2,779,103	3,215,460	-
Excess (Deficiency) of Revenues			
Over Expenditures	503,860	(2,205,963)	26,439
Other Financing Sources (Uses)			
Transfers in	-	972,261	-
Transfers out	-	-	-
Net Financing Sources (Uses)	-	972,261	-
NET CHANGE IN FUND BALANCES	503,860	(1,233,702)	26,439
Fund Balance - Beginning	1,501,380	2,841,262	553,135
Fund Balance - Ending	\$ 2,005,240	\$ 1,607,560	\$ 579,574

See accompanying note to supplementary information - unaudited.

Retiree Benefits Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 2,853,037
-	-	-	206,713
-	-	-	921,378
19,123	86,673	5,699,266	6,142,833
19,123	86,673	5,699,266	10,123,961
-	-	-	1,582,962
-	-	-	111,195
-	-	-	453,855
-	-	-	374,771
-	-	-	112,745
-	-	-	1,843,003
-	-	-	1,516,032
77,523	-	-	77,523
-	-	1,665,000	1,665,000
-	-	4,250,243	4,250,243
77,523	-	5,915,243	11,987,329
(58,400)	86,673	(215,977)	(1,863,368)
77,523	-	-	1,049,784
-	(427,136)	-	(427,136)
77,523	(427,136)	-	622,648
19,123	(340,463)	(215,977)	(1,240,720)
400,474	1,979,090	4,517,556	11,792,897
\$ 419,597	\$ 1,638,627	\$ 4,301,579	\$ 10,552,177

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

GENERAL FUND SELECTED FINANCIAL INFORMATION THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES OF FUND BALANCE - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2008

(Amounts in thousands, excluding Revenue Limit Per ADA)	Actual Results for the Years					
	2007-2008		2006-2007		2005-2006	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal revenue	\$ 12,645	5.9	\$ 12,650	6.1	\$ 11,362	6.4
State and local revenue included in revenue limit	152,384	71.7	145,908	70.4	134,529	75.6
Special purpose apportionments and instructional allowances	20,612	9.7	16,143	7.8	10,195	5.7
Lottery revenue	3,568	1.7	3,644	1.8	3,693	2.1
Other State revenue	13,989	6.6	20,296	9.8	13,471	7.6
Interest revenue	1,094	0.5	1,008	0.5	621	0.3
Other local revenue	8,170	3.8	7,311	3.5	3,677	2.0
Tuition and transfers	122	0.1	275	0.1	458	0.3
Total Revenues	212,584	100.0	207,235	100.0	178,006	100.0
EXPENDITURES						
Salaries and Employee Benefits						
Teachers' salaries	78,680	35.7	73,996	35.7	66,397	37.3
Other certificated	15,967	7.0	14,473	7.0	12,368	6.9
Classified salaries	33,372	15.0	30,999	15.0	27,615	15.5
Employee benefits	45,335	20.4	42,271	20.4	39,252	22.1
Total Salaries and Employee Benefits	173,354	78.1	161,739	78.1	145,632	81.8
Books and supplies	8,460	5.3	11,056	5.3	8,125	4.6
Contracts and operating expenses	22,784	10.2	21,099	10.2	22,518	12.7
Capital outlay	3,311	2.2	4,558	2.2	1,067	0.6
Other outgo	963	1.2	2,406	1.2	802	0.4
Total Expenditures	208,872	97.0	200,858	97.0	178,144	100.1
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,712	3.0	6,377	3.0	(138)	(0.1)
OTHER FINANCING SOURCES (USES)						
Net other sources (uses)	(623)	(0.3)	2,145	1.0	981	0.5
INCREASE (DECREASE) IN FUND BALANCE	3,089	2.7	8,522	4.0	843	0.4
FUND BALANCE, Beginning	29,508		20,986		20,143	
FUND BALANCE, Ending	\$ 32,597		\$ 29,508		\$ 20,986	
ENDING FUND BALANCE TO TOTAL REVENUES		15.3		14.2		11.8

See accompanying note to supplementary information - unaudited.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

CAFETERIA FUND SELECTED FINANCIAL INFORMATION THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2008

(Amounts in thousands)

	Actual Results for the Years					
	2007-2008		2006-2007		2005-2006	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUES						
Federal	\$ 3,254	55.6	\$ 3,078	45.1	\$ 2,519	41.6
State	326	5.6	320	4.7	147	2.4
Food sales	2,130	36.4	3,271	48.0	3,305	54.5
Other	143	2.4	152	2.2	88	1.5
Total Revenues	5,853	100.0	6,821	100.0	6,059	100.0
EXPENDITURES						
Salaries and employee benefits	3,015	51.5	2,944	43.2	2,605	43.0
Food	2,317	39.6	2,460	36.1	2,327	38.4
Supplies and services	228	3.9	247	3.6	209	3.4
Other	328	5.6	1,093	16.0	205	3.4
Total Expenditures	5,888	100.6	6,744	98.9	5,346	88.2
INCREASE IN FUND BALANCE	(35)	(0.6)	77	1.1	713	11.8
FUND BALANCE, Beginning	2,298		2,221		1,508	
FUND BALANCE, Ending	\$ 2,263		\$ 2,298		\$ 2,221	
ENDING FUND BALANCE TO TOTAL REVENUES		38.7		33.7		36.7

* * * * *

TYPE 'A' LUNCH/BREAKFAST PARTICIPATION

	2007-2008		2006-2007		2005-2006	
	Amount	Percent	Amount	Percent	Amount	Percent
TYPE 'A' LUNCHES						
Paid	183,664	16.4	329,956	27.0	325,001	30.3
Reduced price	212,851	19.0	172,043	14.0	138,633	12.9
Free	724,001	64.6	721,712	59.0	609,435	56.8
Total Lunches	1,120,516	100.0	1,223,711	100.0	1,073,069	100.0
BREAKFAST						
Paid	31,097	6.4	47,130	8.9	46,372	9.6
Reduced price	98,145	20.2	88,029	16.7	76,959	16.0
Free	356,795	73.4	392,056	74.4	359,187	74.4
Total Breakfast	486,037	100.0	527,215	100.0	482,518	100.0

See accompanying note to supplementary information - unaudited.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION - UNAUDITED JUNE 30, 2008

NOTE 1 - PURPOSE OF SCHEDULES

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - Unaudited

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

General Fund Selected Financial Information - Unaudited

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the General Fund for the past three years.

Cafeteria Fund Selected Financial Information - Unaudited

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the cafeteria account for the past three years.

INDEPENDENT AUDITORS' REPORTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
Antelope Valley Joint Union High School District
Lancaster, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Antelope Valley Joint Union High School District as of and for the year ended June 30, 2008, which collectively comprise Antelope Valley Joint Union High School District's basic financial statements and have issued our report thereon dated December 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Antelope Valley Joint Union High School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Antelope Valley Joint Union High School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Antelope Valley Joint Union High School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Item 2008-1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Antelope Valley Joint Union High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Antelope Valley Joint Union High School District in a separate letter dated December 31, 2008.

Antelope Valley Joint Union High School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Antelope Valley Joint Union High School District's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, and Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Vavinek, Thine, Day & Co., LLP

Rancho Cucamonga, California
December 31, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board
Antelope Valley Joint Union High School District
Lancaster, California

Compliance

We have audited the compliance of Antelope Valley Joint Union High School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. Antelope Valley Joint Union High School District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Antelope Valley Joint Union High School District's management. Our responsibility is to express an opinion on Antelope Valley Joint Union High School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Antelope Valley Joint Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Antelope Valley Joint Union High School District's compliance with those requirements.

In our opinion, Antelope Valley Joint Union High School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2008-2.

Internal Control Over Compliance

The management of Antelope Valley Joint Union High School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Antelope Valley Joint Union High School District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Antelope Valley Joint Union High School District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Antelope Valley Joint Union High School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Antelope Valley Joint Union High School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, and Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Vavink, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 31, 2008



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Antelope Valley Joint Union High School District
Lancaster, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Antelope Valley Joint Union High School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2007-08*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Antelope Valley Joint Union High School District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the Antelope Valley Joint Union High School District's compliance with the State laws and regulations applicable to the following items:

	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance reporting	8	Yes
Kindergarten continuance	3	Not Applicable
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional occupational centers and programs	6	Yes
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not Applicable
Community day schools	9	Yes
Morgan-Hart Class Size Reduction	7	Not Applicable
Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Not Applicable
9-12 only	1	Yes
Ratios of Administrative Employees to Teachers	1	Yes

	Procedures in Audit Guide	Procedures Performed
Classroom Teacher Salaries	1	Yes
Early retirement incentive	4	Not Applicable
Gann limit calculation	1	Yes
School Construction Funds:		
School District bonds	3	Yes
State school facilities funds	1	Yes
Excess sick leave	3	Yes
Notice of right to elect California State Teachers' Retirement System (CalSTRS) membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	Not Applicable
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	Not Applicable
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Not Applicable
Option one classes	3	Not Applicable
Option two classes	4	Not Applicable
District or charter schools with only one school serving K-3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Not Applicable
After school	4	Not Applicable
Before school	5	Not Applicable
Charter Schools:		
Contemporaneous records of attendance	1	Not Applicable
Mode of instruction	1	Not Applicable
Non classroom-based instruction/independent study	15	Not Applicable
Determination of funding for non classroom-based instruction	3	Not Applicable
Annual instruction minutes classroom based	3	Not Applicable

Based on our audit, we found that for the items tested, the Antelope Valley Joint Union High School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Antelope Valley Joint Union High School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Antelope Valley Joint Union High School District's compliance with the State laws and regulations referred to above.

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, and Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Vavinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 31, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2008

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.367</u>	<u>Improving Teacher Quality State Grants Cluster</u>
<u>84.048</u>	<u>Career and Technical Education - Basic Grants to States Cluster</u>
<u>84.027</u>	<u>IDEA - Local Assistance Entitlement</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 489,918</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
30000	Internal Control

2008-1 30000

Criteria or Specific Requirements

District management is responsible for the design and implementation of various internal controls that are intended to prevent and detect potential misstatements of the financial statements whether due to error or fraud.

Condition

During the course of the audit, adjustments were required due to internal control deficiencies related to non-routine transactions (i.e. year-end accrual processing). The amounts associated with adjustments were deemed to be material to the reporting unit both quantitatively and qualitatively, which resulted in the aforementioned adjustments.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition identified was discovered through our substantive audit of the accounts receivable and accounts payable account balances. During those audits, we discovered errors in three funds (Adult Education, Cafeteria, and County School Facilities). The errors were as follows:

- Adult Education Fund – The District did not set up as an accounts receivable the amount pertaining to the June apportionment that was paid in July. In addition, the District did not adjust their revenue limit calculation for the adult education program based on annual ADA.
- Cafeteria Fund – The District did not properly clear accounts receivable balances set up in the prior year, in the current year.
- County School Facilities Fund – The District did not properly clear accounts payable balances set up in the prior year, in the current year.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

Effect

The effect of the condition identified for each fund is as follows:

- Adult Education Fund – Accounts receivable and related revenue accounts were understated by \$170,743, resulting in an understatement of fund balance by the same amount.
- Cafeteria Fund – Accounts receivable and related revenue accounts were overstated by \$302,269, resulting in an overstatement of fund balance by the same amount.
- County School Facilities Fund – Accounts payable and related expenditure accounts were understated by \$411,996, resulting in an overstatement of fund balance by the same amount.

Cause

The cause of the condition identified in the Adult Education Fund appears to be a result of the District's unfamiliarity with the apportionment process and year-end calculation for the program. The cause of the condition identified for both the Cafeteria Fund and the County School Facilities Fund appears to be a result of the District not performing an analysis of the beginning balances in accounts receivable and accounts payable to ensure that amounts have properly cleared so that only true balances exist as of year-end.

Recommendation

The District should establish procedures to ensure the financial statements include all significant year-end accruals. In addition, the District's procedures should include an analysis of the beginning balances for accounts receivable and accounts payable to ensure that such balances have properly cleared.

District Response

The proper year-end procedures will be reviewed with fiscal staff to ensure that all accounts accurately reflect the financial status of the District.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
50000	Federal Compliance

2008-2 50000

Improving Teacher Quality State Grants Cluster

84.367 Title II, Part A - Time Accounting

Criteria or Specific Requirements

The *Office of Management and Budget Circular A-87* requires that personnel activity reports or equivalent documentation must be prepared monthly for all employees charged to a Federal program. At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly personnel activity reports should be made. Costs charged to Federal programs should reflect adjustments made as a result of the activity actually performed. Adjustments may be delayed and recorded annually, if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent.

Condition

Personal activity reports were prepared for all employees charged to Title II, Part A – Improving Teacher Quality. This process was performed by the Categorical and Special Programs Office, but no action was taken to reconcile the employees' personnel activity reports to actual salary charges to the program. As a result, there was a disconnect between the expenditures charged to the program and the actual time documented in the personal activity reports.

Questioned Costs

Total questioned costs of \$39,788 were identified as a result of the condition identified.

Effect

As a result of the condition identified, the District overcharged Title II, Part A – Improving Teacher Quality by the questioned costs of \$39,788.

Cause

Unknown.

ANTELOPE VALLEY JOINT UNION HIGH SCHOOL DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

Recommendation

The District should implement a procedure to review all personnel activity reports. Such a procedure should include identifying variances noted between a federally funded employee's personnel activity report and actual funding. In addition, variances in excess of ten percent should be properly adjusted in the financial reporting and payroll systems to prevent overcharging employee salaries to Federal programs.

District Response

Personnel activity reports and payroll records will be reconciled on a quarterly basis to ensure that the employees' activity and pay are reflective of each other. The process of notifying Personnel and Payroll of any funding changes will also be reviewed to ensure that all information flows smoothly.

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Governing Board
Antelope Valley Joint Union High School District
Lancaster, California

In planning and performing our audit of the basic financial statements of Antelope Valley Joint Union High School District for the year ending June 30, 2008, we considered its internal control structure in order to determine out auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted a matter that is an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 31, 2008, on the basic financial statements of Antelope Valley Joint Union High School District.

INTERNAL CONTROLS

Food Services – County Transmittals

Finding

The Food Service Department does not appear to be transferring money from the cash clearing account to the County Treasury in a timely manner. Although the initial deposit to the clearing account was made within a week of collection, subsequent transmittal to the County did not occur until a month later. Transmittals from the cash clearing account to the County Treasury were taking from 25 to 39 days. Since the clearing account does not earn interest, by not transferring funds to the County regularly, the District is potentially foregoing additional interest earnings that would be generated from depositing money in the County Treasury. In addition, the monies are not available for use until deposited to the County. We also noted that residual cash appears to remain in the clearing account at all times. These amounts have not been identified as a minimum balance requirement. Ultimately, this balance represents income to the Food Service Department that has not yet been reflected on the general ledger. As of June 30, 2008, the cash remaining in the clearing account was approximately \$34,000.

Recommendation

Funds deposited to the food service cash clearing account should be transmitted to the County Treasury in a timely manner and in their entirety. As the clearing account is only a temporary holding account not included on the general ledger, funds are not available for use until transmitted. In addition, the clearing account is a non-interest earning account, where the County Treasury will earn interest on funds deposited, which provides the District with the ability to earn a little extra money on funds when deposited promptly.

Capital Assets - Disposals

Finding

Inventory tracking procedures over fixed assets and equipment do not include a periodic physical inventory of items maintained at sites. Currently, District procedures rely on sites to communicate any items that have been disposed of. Over the past few years, we have not identified any fixed asset disposals recorded in the fixed asset system, Escape.

Recommendation

The District should consider implementing physical inventory of fixed assets and equipment on a periodic basis, such as annually. This would assist in determining if all items reported on the fixed asset listing exist. The District could rotate which sites must inventory their assets each year so as to reduce the workload involved with conducting the physical count and making adjustments to the fixed asset listing. Once the physical inventory is conducted, items reported should be compared to the fixed asset listing and any items identified as not existing at the site, but are currently included on the fixed asset listing, should be disposed of from the listing.

Capital Assets - Additions

Finding

The District does not prepare an auditable detail of their fixed asset additions. Information to compile fixed asset additions is mainly provided by the facilities department via worksheets used to monitor State funded projects. However, a procedure to reconcile between project costs tracked by facilities and capital expenses posted to the general ledger is not currently in place. As a result, the auditor must perform a cumbersome review of year-end accruals and capital expenditures to assure the fixed asset listing is complete.

Recommendation

The District should establish a procedure to identify and monitor all expenditures related to capital projects. Additions to the District's capital assets listing should be documented in manner in which there is a clear audit trail. Reconciliation between current year additions and capital expenditures will allow the District to determine if all capital expenditures have been captured.

Stores Inventory

Finding

The District does not have supporting documentation for the actual inventory balance reported on the unaudited actuals as of June 30, 2008. The District's stores inventory tracking system can only generate reports for information as of the date of the report. In order to obtain a detail listing of stores inventory as of June 30, 2008, the District must generate the report on June 30, 2008. This report was not generated and as a result, the balance of stores inventory at June 30, 2008, could not be substantiated.

Recommendation

In order to substantiate year-end stores inventory balances reported on the District's financial statements, the District should ensure that year-end procedures include generation of the stores inventory detail report on June 30, 2008.

ASSOCIATED STUDENT BODY

Revenue Potentials

Palmdale High School

Finding

Revenue potential forms are not being completed to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential form also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all monies due and so forth. While the school has an acceptable form available, the form is not being completed in its entirety. The school is currently only completing the potential section of the form and should ensure that all fundraisers monitoring and analyzing the remaining sections of the form to include:

1. Receipts/Fundraiser Deposits - This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.
2. Analysis - This section is used to compare the potential income as calculated in the Potential Income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
3. Recap - This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Governing Board
Antelope Valley Joint Union High School District

2. Student store inventory is stored in the hallway, in easy access to students and staff. Numerous times were noted where the student store was broken into and inventory items were stolen.

Recommendations

1. The site's current procedure is to tally items sold as the sale is occurring. At the end of the day, a count of the total sales is compared to cash collected. We noted large discrepancies in the cash collected and the amount of items sold. The site should implement a procedure to ensure a more accurate count of items sold is taken. An inventory report should be compared to the corresponding sales for a given time period to ensure that the amount of inventory noted as being sold corresponds to the amount of sales generated.
2. The site should implement a more secure place to store items for sale. Items are located in areas that are not conducive to the prevention of misappropriation.

Change Fund

Antelope Valley High School

Finding

During the audit of the ASB change fund, it was noted that monies from the change fund have been used to pay for expenditures. The change fund was used to purchase balloons used by the ASB.

Recommendation

The site's administration should not allow the disbursement of change fund monies for ASB expenditures. Unusual expenditures that require the use of cash should be paid for by an independent party and reimbursed through the ASB account.

We will review the status of the current year comments during our next audit engagement.

Vasinek, Thine, Day & Co., LLP

Rancho Cucamonga, California
December 31, 2008



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

ACCOUNTING RECEIVED
2009 JAN 12 P 12:57

December 31, 2008

Office of Emergency Services
Criminal Justice Programs Division
3650 Schriever Avenue
Mather, CA 95655-4203



To Whom It May Concern:

Enclosed is one bound copy of the annual financial report for the Antelope Valley Joint Union High School District for the year ended June 30, 2008.

Very truly yours,

Gregory P. Cook
of VAVRINEK, TRINE, DAY & CO., LLP

GPC/amc

Enclosure

